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**Paving the Way Forward for Rural Finance  
An International Conference on Best Practices**

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**Case Study**

## **Rural Financial Institutions: Savings Mobilization**

### **ASA Experience**

**By Mostaq Ahmmed**  
(Association for Social Advancement)

This case study was made possible by support provided in part by the US Agency for International Development (USAID) Agreement No. LAG-A-00-96-90016-00 through Broadening Access and Strengthening Input Market Systems Collaborative Research Support Program (BASIS-CRSP) and the World Council of Credit Unions, Inc. (WOCCU).

All views, interpretations, recommendations, and conclusions expressed in this paper are those of the author (s) and not necessarily those of the supporting or collaborating institutions.

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## Introduction

The story of Bipula is similar to millions of other women in Bangladesh trying to escape from dire poverty with the help of microfinance program. Bipula is a resident of Savar, a semi-urban area in the district of Dhaka, located 25 kilometers from Dhaka city.

Once in a week, an ASA credit officer conducts the group meeting in the neighborhood: he provides micro finance services to a group of twenty-five women. Bipula is one of the members enjoying such financial services at her doorstep, where she can deposit her voluntary and mandatory savings, pays credit installments and withdraws money when necessary through ASA's simple and flexible microfinance program.

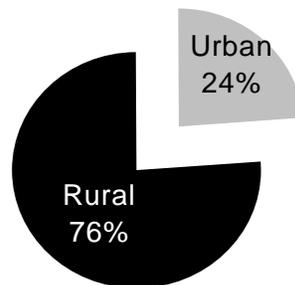
She is a mother of three children, two sons and one daughter, who are all attending school. With her third loan of Tk. 12000 she invested in a small "greetings card-making" project. As she described during an interview, once she had a shortage of cash money to take her daughter to the doctor. Then she rushed to the ASA branch office and she had total balance of Tk. 1800 in her savings accounts and immediately she withdrew Tk. 500 out of her savings deposit.

ASA's financial services help Bipula to manage her money-that's why she is surviving but what about the very poor? How do they manage their money, or do they live 'hand-to-mouth', spending their income as soon as it comes in?

## The Status of Micro-Finance in Bangladesh

Bangladesh is a small country with a total area of only 147,570 square kilometers. With a population of 130 million, the density is 981 persons per square kilometer; annual growth rate is 2.3%. However major part of the population is illiterate with 48% males (15+ years) being illiterate and 71% females (15+ year). The unemployment rate is a striking 35%, which is increasing by two million yearly. Seventy-six percent of the total population in Bangladesh is living in rural areas and 24% in urban area. The poverty level in rural areas is 40% and 14% in urban areas. Twenty-nine percent of the population is earning below \$1 a day and 77% of the population is earning \$2 a day .

**Figure-1: 76% of the Population Lives in Rural Areas and 24% of the Population Lives in Urban Areas**

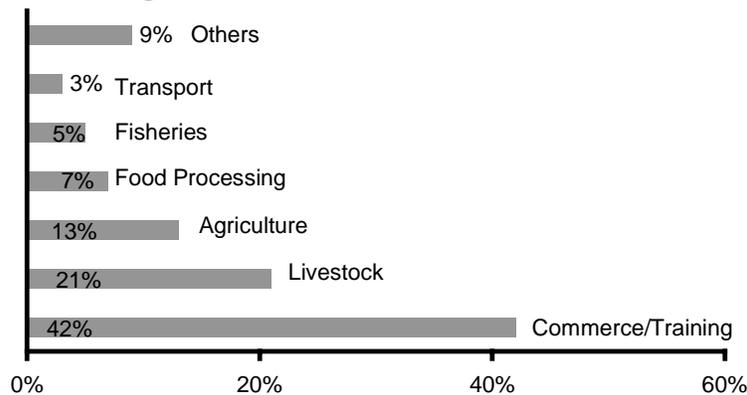


Source: Based on Statistical Pocketbook, BBS, 2000

In the micro finance market of Bangladesh, 82% of clients are poor women. They are landless or have less than .5 acres of cultivable land, and average monthly income is \$50-\$75. More than 50% of the clients live below poverty line. Borrowers are involved in various micro finance

activities: 42% are involved in commerce and trading, 21% in livestock, 13% in agriculture, 7% in food processing, 5% in fisheries, 3% in transport and 9% in other activities.

**Figure- 2: Microfinance Activities**



Source: Based on Statistical Pocketbook, BBS, 2000

### Legal Status and Scope

As we know NGOs, the popular condensed name for Non-Government Organizations, have been defined as ‘societies’ by the laws of Bangladesh. The ‘Society’ as defined and referred to by the Act (XXI of 1860), i.e. an NGO has to be registered under section 20 of this Act. From a broader sense, NGOs are voluntary non-profit making organizations. However, there is heated debate whether NGO/charitable societies can invest money for profit making. The law is silent on this point; however, it appears from the facts and circumstances and also from provisions of some of the laws that NGOs or societies can be engaged in for profit activities. If a society is prevented in investing its money from augmenting its resources the society will be dependent only on donations. So from this it appears that the government also visualized the necessity of investment of society’s money for the purpose of getting more resources for using in charities.

Today Micro finance programs in Bangladesh are not a new concept so the government and the majority of Bangladesh are much familiarized with the practice and its many successes. That is why micro finance is still neither taxable nor regulated by the Central Bank. Due to this reason civil society, through the NGOs, is now directly involved in the development process and contributing a lot towards our socio-economic development. This process and development has also reduced the burden of the government. The government of Bangladesh considers micro finance a poverty alleviation and development program that especially benefits the rural women of Bangladesh and is executed principally by the people. As a result of that Bangladesh is a safe heaven for the micro finance industry since the government is still comfortable in their regulation of NGOs who are in the micro finance sector. In such circumstance what would be the legal status and future direction of MFI-NGOs those who are involved in micro finance business since there is no clear vision who can mobilize and can’t mobilize deposits?

ASA remains NGO, and work under an ill-defined mandate from the government’s NGO Affairs Bureau. It is assumed that NGOs can collect savings from members organized in groups, but what exactly can they do with these savings, how are they safeguarded, and can NGOs collect deposits from the general public? Government is concerned about this problem and under process to formulate a national policy to address this issue.

## **ASA in Micro Finance Program**

Women in Bangladesh and rural people are the worst sufferers and victims of social injustices. Half of the women of the population possess a very low status. A permanent development of their status would not be possible without changing social structure. Realizing this ASA was established in 1978. Initially ASA worked to raise social awareness of mass people. ASA understand from their experience, without self-dependence of poor people awareness creation is not possible. The first phase of ASA (1978-1985) was a radical organization seeking to empower the poor through social mobilization and “consciousness”. The second phase ASA (1985-1990) was a provider of offering health, education, women’s empowerment, etc. to its members. The third stage of ASA (1991-1997) was flexible but highly successful micro credit institution. The fourth stage of ASA (1997-till date) is a sustainable micro finance institution seeking to offer a broader array of savings services in addition to its loan products. Presently ASA has over 2.2 million members forming different groups with special emphasis on saving practice and 8000 staffs engaged in disbursing and collecting loan and savings deposits.

The credit program for income generation that ASA operates evolved in 1991 to focus the organization to date. ASA, in its present form, seeks to create employment opportunities by providing micro finance services for the socio economic empowerment of the poor. The programs adopted by ASA are micro credit, small business credit, regular weekly savings, voluntary savings and life insurance.

The ASA’s micro credit and savings products are quite innovative. It is non-traditional, cost-effective, self-sustainable model, which is easy to implement for socio-economic development. ASA follows a simple, standardized, low-cost system of organization, management, savings and credit operations. The basic features of ASA’s micro credit model are:

- Self-sustainability
- Branch office without accounts personnel
- Simple, easy, but effective record keeping/bookkeeping and working procedures
- Innovative staff recruitment policy
- Training without cost
- Innovative mid-level management structure
- Well-written ASA Working Manual
- High degree of decentralization to the field level
- Simple, small and cost-effective branch structures
- Standardization in policies, procedures, equipment and logistics

In the year 1997 ASA was successful in the integration of the concept of sustainability with empowerment of disadvantage landless women of the rural and urban. The financial viability and the profitability of ASA led to the self reliant and sustainable model. ASA has specialized in the field of micro credit program operations.

### ***Vision***

Poverty alleviation, improvement of living standard and empowerment of the poor by providing financial service is the main focus as the poverty level is a 54% in the country. ASA’s institutional mission is to support, impel and strengthen the lower status economy for the poor sector through facilitating, dispensing and expanding savings and credit for those segments of the population that finds it difficult to have access to credit. The services that ASA provides are now strictly financial in nature. The institution with, a huge clientele, seeks to play a better role of

financial intermediary among the poor by lending surplus funds of savers to those with an investment opportunity.

### ***Mission or Purpose***

- Improve and strengthen the poor people life through credit disburse for income generating purpose and mobilize income by saving program.
- Develop saving mentality of poor landless members. Encourage them for save to bravely face their uncertain future and improve their living standard.
- The surplus money is collected and disbursed to the beneficiaries; hence ASA acts as a financial intermediary.
- Develop long-term relationship with existing members through frequent loans to make them self-reliant.
- Reduce group members' dependency on local moneylender when they face crisis.
- Increase ASA's internal fund, with reduction of donor and bank dependency.
- ASA aims to reach 3 million borrowers in future while the current figure showing 2.2 million borrowers.

### **Credible Financial Services of ASA**

ASA implies a non-traditional way of micro finance program. The methodology of the Grameen Bank and ASA are quite different. Since the poor people cannot have any collateral, thereafter Grameen Bank provides micro credit followed by group liabilities. This the basic foundation of the Grameen bank, however this is where ASA differs in function, which works through individual liabilities that allows for greater flexibility and simplicity.

ASA is one such organization, which has worked with ardently and successfully for the welfare of the people. To alleviate rural poverty ASA take initiative to involve their group members with income generating activities (IGA) like – trading, milk-cow rearing, poultry raising, vegetable gardening etc.. To do this ASA introduce “credit program” and poor women have created self-employment by drawing loans from ASA, which helps them to become self-reliant. ASA is lifting up the living standards of the poor people and helping in rural development through its micro finance program. This program benefits especially the women, not only they play a more respectable role in the family but also assisting financially.

### ***ASA Savings Program***

Having significant impact in rural area ASA's flexible saving program has been widely accepted. It has mobilized and promoted the saving habits among the people with the withdrawal facilities. Rural communities are enjoying rural banking services at the doorsteps. Savings is a universal practice among the poor according to their own way. ASA's poor beneficiaries use their savings deposits:

- to cope with periodic deficits, i.e.
- for emergency access : to adjust to seasonal cash flow,
- to protect family from adversity,
- to loosen liquidity constrain
- to balance cash flow over life cycle

Since ASA's savings products are considered the supporting product of micro credit so that when credit is accessible, the poor also use credit for emergency purposes. One of the most effective tools for poverty alleviation is micro credit and the savings products are intrinsically connected to micro credit. In case of a crisis, be it natural or man made; sickness or a social obligation like marriage – these events draw heavily on the resources of the family. And, in a resource poor branch, a small blow can create disaster that savings can help avert. Therefore, savings

components are beneficial for both the client and the MFI. Several study shows, the poor have small financial savings due to:

- Lack of dependable, convenient deposit services
- They are costly to use
- They are too rigid
- Low, often negative real rate of interest

Micro finance programs should give more emphasis on making deposit services accessible, more dependable, convenient, less costly, flexible, and financially attractive to the poor. Most poor people believe they cannot generate financial savings on their own because their income is simply “not enough”. What they know and practice is:

**Income – Consumption = Savings**

Few years back when ASA introduced Associate and Long Term Savings beside existing Mandatory and Voluntary Savings program ASA experienced that due to their low level of income the net savings mobilization never increased. It is not very easy task to generate income or employment wages over night and in the same time with help of only micro finance program the poor people cannot have a regular income. So that sometime they prefer to hold money cash in hand for daily consumption to protect family from adversity since savings is the first instrument of poor households to alleviate economic deprivation. Different studies and field experiences show that poor people especially women always willing to deposit but their income is not good enough to do so. That is why finally ASA closed down the associate and long-term savings program those are unrealistic and burden for them. But in order to their gradual development ASA keep continue mandatory and voluntary savings those are accessible and efficient deposit services that will help poor households better manage their limited financial assets and smoothen consumption patterns. In the same time ASA credit program contributes directly to the poor households to an increase in production and income, which leads to capital stock expansion, and increase in productivity.

The field experience reveals that group members can increase their saving little bit if they want. It also was found that some of the members have excess amount but they don't want to save this idle money due to lack of flexibility. In this circumstance, ASA realize to offer new program where members save and can withdraw as they wish. ASA has introduced (1) Weekly savings: Group members have to deposit a mandatory fixed amount every week: Tk. 10 for small credit program and Tk. 20 for small business credit program. (2) Voluntary savings: In addition to the weekly mandatory savings, group members are allowed to save any amount they wish. These savings programs promote the habit of saving while resulting in the accumulation of a huge amount of funds, which can be disbursed. ASA allows its member's to withdraw their savings but they must maintain 10% of their current loan principal. Members receive 6% interest rate and interest paid on the basis of end balance.

ASA's flexible savings products have a significant impact on a range of individual development issues. Due to the savings and withdrawal privileges, ASA's clients are now able to enjoy rural banking services at their doorsteps. “The proposal to introduce open access savings was a significant departure for ASA in great part because it required a radical rethink of the organizational approach and institutional culture” (Graham A.N. Wright, Robert Peck Cristen and Imran Matin, 2001).

***Objective of the savings program for the poor are outlined below:***

In The rural areas of Bangladesh there are no facilities available for the poor to deposit savings. Due to lack of savings, the poor people become helpless in emergency, especially during natural

disaster and sudden accidents. To deal with such situations either they have to sell their assets and property or borrow money from the moneylenders at an exorbitant rate of interest. As a result of that they become poorer. If they can provide with the facilities of depositing small savings, it would be possible for them to escape from the vicious circle of moneylenders and save their assets and property. Moreover, this accumulated savings would be contributed in creating liquid assets and making them self-reliant. Considering above factors, ASA has undertaken a savings program for its group members.

The goal is to make group members aware of the benefits of savings and offer a savings service for them. This will help them in capital formation and provide an opportunity to make the poverty alleviation program self-reliant without dependence on foreign assistance. Key objectives of the savings are:

1. To motivate members to deposit more savings from the excess of income of their income generating projects.
2. To use savings as a source of capital for income generating projects.
3. To use savings for emerging family needs.
4. To introduce a doorstep services for the poor.
5. To allow clients to accumulate funds

### ***ASA Saving Product***

Weekly Saving	6% yearly interest
	Minimum saving Tk. 10 per week for small credit and Tk. 20 per week for small business credit.
	Member may withdraw from their savings at any time while maintaining a balance of at least 10% of their principal loan outstanding.
Voluntary Saving	6% yearly interest rate.
	May deposit any amount above their mandatory weekly savings.
	Members may withdraw from their savings at any time while maintaining a balance at least 10% of their principal loan outstanding.
Long term Saving (discontinued)	9% yearly interest.
	Members deposit TK. 50 to TK. 500 per month for five years.
Associate Member's Saving (discontinued)	7% yearly interest
	Any family member of an ASA borrower may deposit any amount in savings.

### ***ASA savings (1998-2002)*** ***(Taka in millions)***

Savings Indicators	1998	1999	2000	2001	2002
Total savings (end balance)	1,080.11	1,269.00	1,608.67	1,697.23	2,504.53
Compulsory	392.82	635.18	783.18	1,003.85	1,494.09
Voluntary	687.28	633.82	825.49	693.38	1,010.44
Types of savings (end balance)	1,080.11	1,269.00	1,608.67	1,697.23	2,504.53
Members	815.44	1,082.81	1,556.06	1,674.20	2,504.53
Pass Book (Associate)	133.43	73.31	14.79		-
Long-term	131.24	112.88	37.82	23.03	-
Number of savings account (end balance)	1,439,983	1,467,145	1,239,098	1,585,852	2,136,165
Members	894,119	1,178,987	1,204,938	1,579,372	2,136,165

Pass Book (Associate)	228,917	196,062	19,102	-	-
Long-term	316,947	92,096	14,951	6,480	-
Average savings balance by account	750	865	1,298	1,072	1,172
Members	912	918	1,291	1,059	1,172
Pass Book (Associate)	583	374	774	-	-
Long-term	414	1226	2529	3,554	-
Savings on portfolio	48.86%	34.35%	40.37%	31.65%	30.94%
Savings on total assets	36.56%	29.22%	28.92%	23.85%	25.62%

**Source:** ASA MIS Section –2002.

In micro finance institution, people's savings demands importance in creating revolving loan funds and thus augmenting its credit activities. The savings is a supporting factor of its credit delivery services. In general, it is found that the cheapest source of fund for a micro credit institution is the savings of its member as they have limited access to the PKSF fund. Only 200 MFIs out of 1000 are enjoying financial support from PKSF. Through mobilizing savings funds can be created easily and financial dependency on other sources can easily be avoided.

ASA, on the other hand, look in the policy of savings mobilization with the goal of building up savings practice of the group members and on the other hand generate funds for loan capital. In the long run, savings help the members to implement their income generating activities creating capital for further investment. Side by side ASA also would able to utilize their savings as revolving loan fund. That's what makes their product of micro credit institution very special.

ASA is one of the innovative MFI in Bangladesh therefore ASA took attempt to diversify its saving program. ASA was offered several saving programs, which was mentioned previously. But it could not continue couple of programs due to the members' reluctant and high cost. ASA provide withdraw facilities to members and this excellent facility made saving program different from others.

**Year wise Savings deposits and Withdraw/ Return  
(1998-2002, Taka in million)**

Year	Deposits	Cumulative Deposit	Withdrawal / Return	Cumulative with. / Return	Yearly Increase	End Balance	Number of Savers
1998	1,130.21	2,321.40	772.15	1,241.30	358.06	1,081.07	1,439,983
1999	1,547.38	3,868.78	1,358.49	2,599.79	188.89	1,269.00	1,467,145
2000	1,585.48	5,454.26	1,245.82	3,845.61	339.66	1,608.67	1,239,098
2001	1,829.37	7,283.63	1,740.81	5,586.42	88.56	1,696.16	1,585,852
2002	2,764.65	10,048.28	1,957.33	7,543.75	807.32	2,504.53	2,136,165
<b>Total</b>	<b>10,048.28</b>	<b>10,048.28</b>	<b>7,543.75</b>	<b>7,543.75</b>	<b>2,504.53</b>	<b>2,504.53</b>	<b>2,136,165</b>

Source: ASA MIS Section -2002

***Is Withdrawal Facilities Reduce ASA's Net Savings Deposits?***

CDF statistic shows in 2001 681 MFIs mobilize net Tk. 1197.8039 as savings from members, which is 25.49% of the total loan disbursement. We know ASA accumulate 25.67% fund from member's savings. So, It is clear ASA's withdrawal facility do not reduce saving net deposits. Moreover, ASA's mandatory and voluntary savings those are accessible and efficient deposit services that will help poor households better manage their limited financial assets and smoothen consumption patterns.

## **Challenges with Savings Mobilizations**

ASA faced some challenges in mass savings mobilizations. People's confidence in MFIs especially middle class those are able to deposit did not develop in Bangladesh. Neither NGOs are trust-worthy like other government conventional banks nor peoples are much interest about their rate of interest on deposits.

On the other ASA does not expect more savings from the poor people as their weekly income 1-2 dollars after mandatory savings of 10-20 Taka and loan repayment. The daily cash flow of the poor people is very low. Moreover, the structure of the MFI does not go smoothly with the savings mobilization of the people. In the same group meeting, it is not so easy to mobilize savings from the mass people; it is also irrelevant and unfriendly. In an on going meeting, the savings collection will interrupt the credit collection and neither of the tasks can be performed effectively. A complete different structure of the same MFI with much more flexibility and options are needed to address this type of problem. Besides this, more smart and professional personnel to explore the opportunities operate middle class savings market. Due to their class and cultural conservativeness they used to deny sitting and spending time with the poor or hard core poor in the same group meeting.

Where apex-funding body (PKSF) is giving loan in 7% interest, savings mobilization deposit is cost-involve factors giving 6% interest; 4% operational cost and total saving cost would be 10% (4% is assume as minimum operating cost). On the other hand, cost to lend money from the commercial and government bank is 15%. From this analysis it is clear that lending from PKSF is cheaper than other sources. ASA is interested to collect fund from PKSF since saving mobilization is not only costly but also capacity is limited. ASA staffs require more time and need more concentration to book keeping which increase administration cost. Though fund is available from PKSF (cheap fund), ASA wants to do or doing it for the sake of the poor people. On the other hand, people cannot take part in multiple savings products, as they are living in the same source of income, income is not actually growing so we will see, the ultimate result is negative if they take part in multiple savings product. So, ASA, at presently introduced only two types of savings product: weekly mandatory and voluntary savings.

Again, to become trust-worthy like other national banks, MFIs cannot give high interest rate for savings mobilization, because this is not suitable plan for further investment. Moreover, PKSF is giving fund in low interest.

Timetable maintaining is not always possible for all class of people. So, in order to overcome these challenges, we need to work hard for structural and behavioral changes.

## ***Donor Support***

Most of the MFIs of Bangladesh depend on the donor fund organization for capital to operate their micro credit programs. It is the common scenario. But donor dependency in long run is not good sign in terms of achieving sustainability. What will happen if they withdraw support from the program? So, alternative fund accumulating source is necessary. Saving program could be one important alternative for fund raising. ASA manage fund with institution's own fund, members' savings and loan form PKSF and loan from CORDAID.

**Table- 3 : Source of Funds**  
(Year-wise source of funds 1997-2002)

Sl.N.	Source Name	2002	2001	2000	1999	1998	1997
1	PKSF, Bangladesh	28.47%	30.70%	28.77%	29.93%	23.71%	21.76%
2	Bank loan	0.00%	0.00%	0.00%	0.42%	0.34%	0.52%
3	CORDAID, Netherlands	0.66%	0.71%	0.40%	0.51%	0.00%	0.00%
4	Member savings	25.62%	23.85%	28.92%	29.22%	36.56%	36.91%
5	Member insurance	0.79%	1.05%	1.29%	1.71%	2.07%	2.84%
6	Loan loss reserve	4.51%	4.10%	3.59%	2.94%	2.10%	1.26%
7	Emergency fund	6.26%	5.67%	4.79%	3.66%	2.77%	1.58%
8	Others	1.53%	2.32%	1.73%	1.79%	2.29%	3.97%
<b>Sub-total Taka</b>		<b>67.85%</b>	<b>68.40%</b>	<b>69.48%</b>	<b>70.20%</b>	<b>69.84%</b>	<b>68.84%</b>
9	Capital or equity						
	a. Donation (foreign)	8.31%	11.41%	14.35%	17.31%	19.79%	21.49%
	b. Service Charge	19.71%	14.51%	10.50%	7.98%	5.84%	4.79%
	c. Other Income	4.14%	5.69%	5.67%	4.51%	4.52%	4.88%
<b>Sub-total Taka</b>		<b>32.15%</b>	<b>31.60%</b>	<b>30.52%</b>	<b>29.80%</b>	<b>30.16%</b>	<b>31.16%</b>
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: ASA MIS Section –2002

Statistics shows that saving program is important because it contribute 25.62% of the total fund. Building saving is necessary for future development and today's saving are the capital of the future. In 1997, foreign donation was 21.49%, which reduces in 2002 at 8.31%. This become possible through mobilization of local sources in the form of different savings products and soft loan from PKSF, an apex funding body for micro finance program. The decreasing process will continue and since 2001, ASA has not received any donor grants but few equity of donation still remaining. ASA's total fund up to Dec. 2002 was Tk. 9776 million those amount are Tk. 3,755 million from ASA' own fund (including reserve), Tk. 2783 million from PKSF loan, Tk. 2,505 million from group members' saving, Tk 65 million from CORDAID and Tk. 668 million from other sources. In 2002 ASA savings mobilization 25.62% in total funds:

1. Mandatory Savings 1,494.09 (15.28%) in total funds
2. Voluntary Savings 1,010.44 (10.34%) in total funds

### Portfolio Quality

Portfolio quality is an important tool to assess the sustainability of the micro credit program. The indicators used to assess to quality of portfolio are: rate of recovery of loan, amount overdue as % of outstanding loan, classification of past due loan and the bed-debt reserve against the loan overdue. Table-1 below represents ASA's portfolio quality from 1998 to 2002. In 1998 the total loan disbursed (yearly) was Tk. 4,328.10 million, which rose to Tk. 15,951.51 in 2002. The average loan size in 1998 was Tk. 5,008 and Tk. 7,507 in 2002.

**Table- 1: Portfolio Quality**  
(1998 -2002- Figure in million)

Indicators	1998	1999	2000	2001	2002
<b>Loan Portfolio</b>					
Total loan disbursed (yearly)- (Figure in million taka)	4,328.10	6,619.33	7,782.34	9966.65	15,951.51

<b>Indicators</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Number of loans disbursed	864,155	1,141,526	1,193,332	1,475.675	2,124,921
Average loan size	5,008	5,799	6,522	6,754	7,507
Total loan portfolio (end balance, principal)- (Figure in million taka)	2,210.53	3,694.35	3,985.25	5,359.25	8,093.53
Current (Figure in million taka)	2,205.73	3,683.16	3,965.71	5338.95	8,075.13
Overdue(Figure in million taka)	4.79	11.19	19.54	23.34	18,39
Number of active clients (borrowers)	786,492	1,084,318	1,128,693	1,414,931	1,976,473
Average portfolio balance by client (borrowers)	2,811	3,407	3,531	3,788	4,095
Average loans portfolio balance (Annual) (Figure in million taka)	1,939.31	2,952.44	3,839.80	4,672.25	6,726.39
Total loan loss provision (end year) (Figure in million taka)	43.28	66.19	77.82	99.67	159.52
Total amount written off (end year) (Figure in million taka)	5.93	0.46	5.93	7.72	10.05
Total loan loss reserve (end year) (Figure in million taka)	62.07	127.80	199.70	291.64	440.95
Number of Loan Officer (end year)	2,739	3,334	3,490	4,100	4,771
Number of full time staff (end year)	4,656	5,145	5,347	6,422	7,446

Source: ASA MIS Section -2002

From the above table we observe all of the indicator's are increase in every year. Total loans disburse increase 37.62% from year 2001 to 2002. Average loan size increase 10.18% from year 2001 to 2002. The number of active client increases 26.07% in the last year. Number of full time staff (end year) 13.89%. ASA's rate of recovery is extremely high and loan recovery rate never fall below at 99.76%.

The following table-2 shows that ASA's total number of beneficiaris in 1998 were 894,119, in 2002 it became 2,136,165 . The annual growth rate of members in 1998 was 11% in 2002 the growth rate of members had grown to 35%. Staistical data shows that ASA's credibility and working capacity have increased largely from 1998 to 2002.

**Table-2: ASA Extending Outreach**  
(1998-2002)

<b>Indicators</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Extending Outreach</b>					
Members	894,119	1,178,987	1,204,938	1,579,372	2,136,165
Borrowers	786,492	1,084,318	1,128,693	1,414,931	1,976,473
Borrowers to Members %	88%	92%	94%	90%	93%
Annual Growth of Members%	11%	32%	2%	31%	35%
Annual Growth of Borrowers%	24%	38%	4%	25%	40%
Average Loan size of the year (Taka)	5,008	5,799	6,522	6,743	7,507

Source: ASA MIS Section -2002

### ***Operating Efficiency***

The main features of ASA are high quality services to clients, speed in loan disbursement, transparency with the clients, simple procedures in the accounting system, profitability and cost

average, well-defined processes, punctual and reliable reports, monitoring against goals, better services to current clients and expansion. Table- 3 shows ASA's operating efficiency from 1998 to 2002. Members per worker were 326 in 1998 and 448 in 2002. Cost per 100 Taka lent was Tk. .050 in 1998, which dropped to Tk. .037 in 2002.

**Table- 3: Operating Efficiency of ASA**  
(1998 -2002)

Indicators	1998	1999	2000	2001	2002
<b>Operating Efficiency</b>					
Members per Worker (CO)	326	354	345	385	448
Borrowers per Worker (CO)	287	325	323	345	414
Portfolio per Loan Officer (Taka)	807,056	1,108,083	1,141,907	1,307,133	1,696,400
Cost per 100 Taka Lent	.050	.041	.043	.041	0.037

Source: ASA MIS Section –2002

When other MFIs have focused on the maximum number of clients without considering the satisfaction level of individual clients ASA took up the challenge to combine both. ASA concentrated on small women entrepreneurs with sustainable services. ASA has been successful in generating small portfolios where they could significantly reduce overhead cost and ensure sustainability. Another key issue approached of ASA was by listening to the needs of the people and making a necessary change to satisfy them.

#### ***Analysis of Comparative Income and Expenditure Statements***

ASA's financial income covers service charges, admission fees, bank interest and miscellaneous income and ASA's cost considered personnel, office expenses, depreciation, loan loss provision, and financial and imputed costs. Table- 4 shows ASA's income from 1998 to 2002. In 1998 the service charge totaled 470.29 million taka and 1,981.74 million taka in 2002. Admission fees were 7.65 million taka in 1998 and 9.20 million taka in 2002. The bank interest was 20.28 million taka in 1998 and 83.09 million taka in 2002. Other income from other sources was 10.14 million taka in 1998 and 11.92 in 2002. The total income was 508 million taka in 1998 and 2,085.94 million taka in 2002.

**Table- 4: ASA Income (Figure in million taka)**  
(1998-2002)

Description	1998	1999	2000	2001	2002
<b>Income</b>					
Service Charges	470.29	710.18	996.58	1,284.28	1,981.74
Admission Fees	7.65	6.40	3.45	6.44	9.20
Bank Interest	20.28	40.61	61.59	45.51	83.09
Other income	10.14	15.14	12.05	6.99	11.92
<b>Total</b>	<b>508</b>	<b>772</b>	<b>1,074</b>	<b>1,346.71</b>	<b>2,085.94</b>

Source: ASA MIS Section -2002

Table- 5 indicates ASA's expenditures in million taka from 1998 to 2002. The total operating cost for salary and allowances, office expenses and depreciation in 1998 was 218 million taka and 587.79 million taka in 2002. The total operational cost for savings, others, and loan loss provision was 428 million taka in 1998 and 1,306.93 million taka in 2002.

**Table-5: ASA Expenditure (Figure in million taka)**  
(1998-2002)

Description	1998	1999	2000	2001	2002
<b>Expenditure</b>					
Salary and Allowances	173.89	221.67	278.98	343.46	494.63
Office expenses	38.66	44.24	48.86	60.34	83.48
Depreciation	5.80	6.31	6.84	8.09	9.69
<b>Total Operating Cost</b>	<b>218</b>	<b>272</b>	<b>335</b>	<b>411.89</b>	<b>587.79</b>
<b>Cost of funds</b>	<b>167</b>	<b>244</b>	<b>373</b>	<b>407.12</b>	<b>558.51</b>
Savings	44.86	55.27	103.02	84.45	111.28
Others	121.96	188.67	270.45	357.77	447.23
Loan Loss Provision	43.28	66.19	77.82	99.67	159.52
<b>Total Operational cost</b>	<b>428</b>	<b>582</b>	<b>786</b>	<b>918.68</b>	<b>1,306.93</b>

Table-5: ASA Expenditure

Source: ASA MIS Section –2002

### Profitability

The following table-6 shows the productivity and quantitative indicators from 1998 to 2002. The administrative cost per taka lent was .050 percent in 1998, which decreased to .037 in 2002. The number of active borrowers per loan officer was 287 in 1998 and 414 in 2002. The loan loss ratio rose from .27% in 1998 to 0.120% in 2002.

**Table- 6: Productivity and Quantitative Indicators**  
(1998 -2002)

Productivity and quantitative indicators	1998	1999	2000	2001	2002
Admin cost per taka money lent	0.05	0.041	0.043	0.041	0.037
Admin cost per loan made	252.67	238.47	280.46	279.12	276.62
Number of Active Borrowers/Loan Officer	287	325	323	345	414
Portfolio per Loan Officer	807,056	1,108,083	1,141,907	1,307,133	1,696,400
Portfolio per staff	474,769	718,047	745,390	834,514	1,085,214
Portfolio in arrears	0.22%	0.30%	0.49%	0.38%	0.23%
Portfolio at risk		0.80%	0.88%	0.64%	0.33%
Loan loss ratio	0.27%	0.01%	0.160%	0.144%	0.120%
Reserve ratio	2.81%	3.46%	5.01%	5.44%	5.45%

Source: ASA MIS Section –2002

### Sustainability

Institutional strength of the organization accounts for structural strength, good governance, working environment, chain of command, product and effective procedure etc. modern financial institutions always diversify and develop according to the peoples' needs and demands. In that case, economic development is the key element to being sustainable because in the long run it cannot continue smoothly with profit making. In this regard, economic and intuitional sustainability runs parallel and support each other. However, to achieve financial sustainability there needs to be institutional sustainability. ASA is an organization that operates micro finance

business in a non-conventional way that is standard, well targeted and institutionally strong enough to be a leading cost-effective micro finance institution.

When MFI meet all cost from income of credit and savings products, then the institution becomes sustainable. It requires providing services at least cost with maintain high quality services as high cost involves disbursing small loan. Self-sufficiency Ratio: are shown in the following table:

Description	1998	1999	2000	2001	2002
Operational Self-sufficiency	118.65%	132.62%	136.60%	149.49%	159.61
Financial Self-sufficiency	108.66%	118.25%	124.90%	135.29%	145.76

ASA's current operational cost is only 3.7% and ASA's financial cost is 9-10%. The financial indicators from 1998 to 2002 indicate a steady increase in operational and financial self-sufficiency from 118.65% in 1998 to 159.61% in 2002 (operational) and from 108.66% in 1998 to 145.76% in 2002 (financial).

### **Why ASA's Micro Finance Programs are Different?**

The ASA methodology was developed from the field through hands on approach. ASA runs like a client responsive financial institute and revises the financial products depending on the feedback from clients and staff. ASA's main strength lies on its specialized financial services. Some of the key points behind ASA's institutional sustainability are discussed below:

#### ***Organizational Structure:***

There is a standardized branch structure with a fixed number of credit officers for each branch and a fixed number of borrowers to be handled by each credit officer. Even all of ASA's office furniture is standardized, with design quality and number of pieces per branch being uniform.

#### ***Selection of Borrowers:***

The main objective of ASA's microcredit program is to provide financial services to the poor using small amounts of money. ASA never spends very much time for borrower assessment before the loan. ASA just needs to know if the individual is receiving less than \$50 income a month (or a dollar per day). Mostly women are chosen because they are home during the day. The CO must visit the women's house and her neighbors as well. This is why ASA can identify the borrower quickly.

#### ***ASA Group Meeting:***

ASA's weekly regular group meeting group acts as a forum for women to share their experiences with each other and develop their business skills. They also gain advice and support in domestic issues and conflicts.

#### ***Credit Policies:***

ASA loan products are very simple and flexible as well. After only four weeks attending the group meeting and Tk. 10 savings in each week, loans are given quickly to the ASA members. Even after the last loan repayment a new loan can be given the same day. Borrowed money from ASA must be repaid through 46 installments per year with 15% flat rate charged on loans.

#### ***Savings Policies:***

Most MFIs do not allow savings withdrawal. ASA members can withdraw, but must always have 10% of the loan in their savings. Savings can be used to loan to other borrowers.

### ***Operational Budget:***

All aspects of the organization are studied and reductions are made when ever possible. There is standardized office rent at different tiers, fixed budget on furniture and other equipment, and standardized expenditure on electricity, gas, water, stationary and entertainment. A branch office in the field is the center of all actions for implementing ASA's self-reliant development model. A branch office of ASA consists of one branch manager and four credit officers.

### ***Risk Management:***

From the beginning ASA's objective was to develop a cost effective microfinance model which can be attained through financial sustainability and meet overhead cost through service charges. There is no accountant and no cashier in the branch so record keeping has been made simple and easy. ASA took a revolutionary approach to its accounting system, which is completely different than the traditional system. All records regarding savings and credit accounts are possible to post in one page for a whole month.

### ***Human Resource Management:***

ASA thinks that formal training is not very important for human resource development, but that on the job training is very valuable for micro finance operations. For example the credit officer of ASA has an opportunity to learn from the branch manager because they all sit at one table in the same room. They have the opportunity to develop their skills by sharing ideas and experiences through learning by doing. ASA always wants to hire a small number of people who are less educated so that they may reduce the operational cost. Since ASA's system is easy to understand, people with less education can be utilized in a productive way.

### ***Leadership:***

ASA leadership plays a remarkable role in initiating new activities and diversifying the organization as per the peoples' needs. The top management of ASA always tries to develop new products and flexible mechanisms if it seems to be viable. On the other hand, whenever ASA finds that the policy and procedures of microfinance programs are not effective or if there is any risk to reach the objectives, the management takes quick steps to modify or close the program.

### ***Decentralized Management:***

ASA is able to have a simplified and flexible microfinance operation due to its highly decentralized management system. ASA field staffs are authorized to manage and run the programs independently, which is very helpful for fast expansion and cost-effective operation. Each and every ASA branch office performs all financial and administrative functions with the help of the well-written operational manual, without any prior approval from the head office.

### ***Innovative Supervisory Structure:***

The regional manager (RM), divisional manager (DM) and auditor operate at the field level and use the field level offices. They do not have separate offices or staff. The monitoring system is very effective since the central and mid level management have close contact to field level staff.

### ***Simple Methodology:***

ASA's methodology has been developed to reduce paper work and formalities. There is decentralized decision making for quick decisions; standardized loan amounts, which reduce the need for calculating interests and reduces cost; and interest calculations on savings are included in a model, for the staff to follow.

### ***Written Manual/Guide- Book:***

The entire operation of ASA is written in details in its operational manual thereby rendering methodology to be transparent and easy to follow. It also reduces errors and operational time. The manual is so detailed that it contains guidelines for sitting arrangements of staff in the office, furniture design and layout of the branch office.

### **Market Demand of ASA's Product and Services**

Large part of poor masses are interested in savings besides depositing their installments and it looks they considered this issue positively although volume of savings small because of their capacity. But they are interested also to have the opportunity to withdraw their savings when it is needed. They feel confident if the opportunity of the withdrawal facility are there even though they withdraw or not in times of their need.

ASA introduced voluntary savings for its members in 1997. They could deposit any amount as savings according to their capability. Along with the scope of depositing any amount withdrawal facility was given to them. But no limit of withdrawal was determined. Due to this unlimited withdrawal facility, withdrawal of savings was excess. This resulted in an imbalanced position, which created serious obstacles in the process of fund management. It severely affected the savings and credit plan of the organization. On the other hand these multiple savings products could not bring satisfactory result, because the institutional policy in implementation of the programs failed miserably due to some practical reasons. During implementation the field staff created extra pressure on the members to save more and more without realizing the capacity of the clients. Such action of the field staff brought dissatisfactions among the clients. As a result of that the percentage of dropout of the members increased drastically. The following Table-5 shows ASA's total number of beneficiaries' dropout from 1998-2002.

***Table- 5 : Members Dropout from 1998-2002***

<b>Year</b>	<b>New Members</b>	<b>Cum. Total</b>	<b>Increasing Rate</b>	<b>Drop-out Members</b>	<b>Dropout Rate</b>	<b>Net Members</b>
<b>Up to 1997</b>						805,631
1,998	783,785	1,589,416	49.31	466,380	29.34	1,123,036
1,999	831,674	1,954,710	42.55	775,723	39.68	1,178,987
2,000	348,945	1,527,932	22.84	322,994	21.14	1,204,938
2,001	634,979	1,839,917	34.51	260,545	14.16	1,579,372
2,002	920,571	2,499,943	36.82	363,778	14.55	2,136,165

Source: ASA MIS Section –2002

The data reveals that the percentage of dropout increased in 29.34 to 39.68 from 1998-1999 due to several savings products. During that period ASA's dropout were extremely high but when ASA discontinued those products, the percentage of dropout started decreasing and stood at 14.16% in 2001.

In the backdrop, ASA had to take immediate action in this respect to control the inevitable havoc. With a view to bring a balance ASA formulated a policy to run both voluntary and

locked-in savings simultaneously and at present members can withdraw any amount excess of 10% of their savings deposit.

Due to effective measures and need based clients oriented services ASA has finally become a renowned and best micro finance institution. It provides financial service to its client for their self managed income-generating project and helps them out to be a self-reliant. ASA's simple and flexible micro finance products could able to attracted millions of clients and in the same time ASA can maintain long term relationship by the providing best services to its clients. ASA's products have market demand specially the voluntary savings product give them lot of confidence. As a result of that ASA's credibility and popularity has increased largely.

## **Impact of ASA's Credit and Savings Program**

### ***Social and Economic impact***

After participating at ASA's micro credit program women can generate income for family need and also save surplus money. It increases their social status. Now male & female equally participate in family activities.

ASA's micro credit programs brought social well-being to the poor households. One impact assessment on how the poor are being benefited out of their efforts made in their own business has been done through a questionnaire by the ASA research section. According to the findings, the borrower's status in their own household families has been improved satisfactorily. The findings shows that the capital increased 90.58%, income increased 91.05%, quality of food intake increased 89.27 %, literacy rate increased 87.88 %, and savings increased 96.14%. For income generating activities, job has been created which reduced the unemployment problem and makes the program sustainable.

<b>Particulars</b>	<b>Number</b>	<b>Yes</b>	<b>No</b>
Capital Increased	21,060	90.58%	9.42
Income Increased	21,169	91.05%	8.95
Quality of food intake increased	20,755	89.27%	10.73
Literacy rate increased	20,433	87.88%	12.12
Availed better treatment	20,565	88.45%	11.55
Savings increased	22,352	96.14%	3.86

In the same time ASA's Micro credit program helps to improve the life of rural people and increase their income. Members invest credit amount into income generating activities and they can expand project through credit and their saving deposits. Member can get new loan soon after old loan repayment. These small-scale economic enterprises have created employment opportunity for their neighbor who is unemployed.

### **Challenges with Project Implementation**

Several studies show small and mid-level NGOs manage 40%-50% loan fund by mobilizing savings. Savings program helps institution to present itself as a self-reliant organization. ASA

able to raise 25.66% fund from saving mobilize of their total fund besides giving withdrawal flexibility. But more important that saving is saver's power at good day but it is strong asset in a moment of crisis. It is one of the important tools to improve economic life of the poor.

Analyzing Bangladesh micro credit activities, we found, lock-in-saving program initially play important role for the survival of survive NGO/MFIs in the micro credit operations. Initially Grameen Bank designed micro credit program along with lock-in-saving program. They able to raise fund and change the behavior pattern of the poor people by lock-in-saving product to continue its credit program that helps a lot to expand credit program as well.

ASA designed micro credit program in a different way in 1991. After analyzing different situation, in 1995, ASA offered voluntary saving service to member besides lock-in-saving program. ASA observed that mandatory saving was not easy for members along with regular weekly installment payments. Mandatory savings is a precondition to get a loan. But they can't use this saving money in emergency. ASA considered all of those issues specially their income level and cash transaction and finally ASA gave withdraw facility any time except 10% of the current principal outstanding loan. Poor people try to save though it is little but withdraw facility encourage them to save more.

As ASA offered attractive multiple saving schemes to group members like associate saving account and long-term saving along with attractive interest rate to mobilize more savings. But in reality ASA did not get a remarkable response because practically several members came to save from the same family and in most cases the person earning in one family us not more than one. So, income of one person is divided and saved into different accounts. This process increases saving accounts but does not increase saving deposits amount in fact.

For the market development and stability of a MFI a suitable regulatory framework ought to be formulated for the protection of the industry. The protection of savings, and expansion of sources of funds should be considered in this regard. Due to the lack of such a regulatory framework in Bangladesh MFIs could not collect savings deposits from non-members neither it is easy to attract the savers.

To encourage more savings deposits sector need to offer a lucrative interest rate and flexibility beside the safety measures. Well-furnished office with flexible time frame can attract people to increase their savings deposits. The ASA branch offices are situated around 8-10 kilometers zone from the group. Branch office in the rural areas should be set up closely and that will help the poor people to deposit more. For savings mobilization we need to develop a friendly and reliable environment along with high interest rate. But MFIs are not willing to pay high interest rate since they can borrow money form PKSF (the apex funding body) with cost of only 7% interest rate.

### **Problem Identification**

- First constraint to implement the project is the lack of legal framework. It is mentioned previously that there is no proper law which can guide NGOs to mobilize saving. Existing law does not provide facility MFIs to mobilize savings from non-members. To overcome this problem government can help MFIs and Central bank can a play important role.
- The structure of the Organization needs to be changed since people do not feel secured about their money with existing simple office structure of MFIs.

- Members can save only during the group meeting, which held for less than an hour. Some of them can't attend group meeting. They need to wait for next meeting. So that within this time it is very tough for members to keep this cash in hand.
- Source of fund from PKSF is available with 7% interest rate. But estimated cost of mobilizing savings from members is minimum 10%. For this reason most of the MFIs are not interested to mobilize saving from members.
- Few NGOs in Bangladesh fraud with their members. Though numbers are neglected but they escaped away with huge amount of savings deposits, which damaged whole market, and people lost their confidence on NGOs.
- Credit and saving program is interlinked and transactions take place during the weekly group meetings. ASA collects both deposits-savings and installments in the same weekly meeting. As a result of that credit officer is more concern about the loan collection rather than voluntary savings deposits.

### **How to Overcome These Problems**

- To impose a friendly and proper law for the NGO's to operate at ease thereafter it is necessary to have a discourse between government and NGOs and in the same time seminar and meeting can be conducted to generate and formulate ideas to an effective legal framework. The World Bank and donor agencies also can play vital role in this perspective.
- Through the market analysis we can classify total population in three groups: Rich, Middle, Poor and Very Poor. ASA do not expect more savings deposits from the very poor people since their weekly income is not more than \$1 to \$2. So we need to target poor and middle class people to encourage them to deposit more savings. To attract middle class people MFIs need to change their office structure with a lucrative office environment, permanent building structure, and professional staffs that will help to increase people confidence. Through utilizing the modern marketing concept the educated and smart employees can play a vital roll to convince savers as well.
- In fact the beneficiaries of MFIs are able to save once in a week during their weekly meeting and branch office continue till 4:00 A.M. But time flexibility is so important to encourage saving mobilization. Most of the poor people work during the day and they receive their earnings at the evening after complete the day work. So, it is important to think about providing evening service or window service at the office.
- PKSF providing loan fund and now facilitating only 200 MFIs out off 1000. Rest of the MFIs also need fund for their micro credit program. And they raised fund by mobilizing saving from members. NGOs play important roles to develop rural area. Sustainability NGOs can play a vital role to mobilize alternative sources from middle poor and poor people in rural areas. Saving mobilization program is one of the ways through which NGOs' attained sustainability. Through effective and continued credit operation NGOs can generate more income-generating project and employment opportunities. More income directs them to have more surpluses, which is future path to build savings deposits.
- In an ongoing weekly meeting the mass savings collections will interrupt the credit program and no product will be able to perform properly. A different arrangement and options is needed with professional personnel.
- MFIs policy is different than others financial institution and MFIs always emphasize on human quality and moral obligation. On top of that security or mortgage to secure the disbursed loan amount is not required. So, imposing the banking way of credit

scoring methodology for MFIs is neither suitable nor the same savings program like bank are realistic one with lucrative interest rate.

- It is important to encourage poor people to save. It is necessary to campaign through national media to teach and educate poor people about the advantage of saving.
- Cost effective and innovative program should be developed to improve saving program. Through maximizing efficiency and little flexibility can change the structure and culture of the organization. Donor can supply fund to improve structure of the organization to attract more savers.

## **Few Recommendation for ASA Savings Program**

### **Staff Training**

ASA's existing staffs are skilled for micro credit program. But incase of saving mobilization program ASA needs attractive, educated and well skilled staff. Sometimes educated persons are not interested to work in the grass root level. It is one of the constraints to appoint educated and professional person in rural areas. To prevent fraud and miss appropriations MFIs need more supervision and monitoring.

### **Education**

Grass root people are not conscious how to save money. It is important to increases consciousness through providing education package in the group meeting. Credit officer can teach them about the advantages of saving program. Aware the rich people, educated middle class by campaign if you save ASA you can participate in development.

### **Management capacity**

ASA is a modern decentralized institution where each level management plays a vital role to implement it policy. ASA field staffs are authorized to manage and run the programs independently, which is very helpful for expansion and cost-effective operation. ASA should talk about that and much campaign and awareness program needed to attract the savers. Savings program is risky venture without the organizing skill of the organization and security of the investment. The main impediments of savings programs appears to be the fixation of force savings exceeding capacity and no provision for withdrawal when it is urgently needed.

## **Conclusions**

The positive aspects of savings mobilization can be considered in relation with the objective of the savings mobilization. Generally, positive aspects of the organization relating to saving mobilization from its members is reducing risk at the loan i.e. incase of becoming a defaulter or being unable to deposit the installment of the loan there is opportunity for the members to reconcile with the deposit in future. Saving mobilization will not keep any positive impact if there is no opportunity for investment beyond the scope of credit program. Because a big portion of the deposit will remain inactive which will put negative impact in the saving indicator.

ASA has managed to attain and develop skilled, dynamic, energetic staff in mid level and field-level management innovative policies, which help ASA to reach the top position at ease. Sometimes mid-level and field level management are taken to the central level, soon, they are disseminated to the field level for quick implementation. ASA established itself as a self-reliant organization after twelve years of successful operation of the micro credit program. Decentralized, diversified management has brought about ASA's success.

ASA in Bangladesh provides financial services to 2.2 million poor people today. Loan sieges and disbursement schedules are standardized. As per the client's need and demand ASA decided to introduced more open access savings services. But why? According to Healey (1999), providing high quality savings services was seen as providing an excellent way to "access relatively cheap capital, increase outreach, increase lending, maintains portfolio quality, increase productivity and reduce cost and vulnerability."

Locked-in savings can be a source of capital for the institution, but in the long term, such locked-in arrangements can create default and dropout in futures. Conservatively, it can be said that the number of defaulter will be increased if saving program is closed. Primarily, it appears that big portion of the return of savings is reconciled with installment of the loan. Apart from that a part of the savings withdrawal also collected during deposit of the installment. There might be situation of fund deficit when no other guaranteed source of fund is assured.

ASA provides both credit and savings services on a remarkably large scale. In only 12 years track record as an MFI, ASA has become the second largest MFI-NGO in Bangladesh in terms of both membership and amount of outstanding loans. It has managed to spread its arms throughout the country and paving the way forward for rural finance.

ASA has managed to attain and develop skilled, dynamic, energetic staff in mid level and field-level management innovative policies, which help ASA to reach the top position at ease. Sometimes mid-level and field level management are taken to the central level, soon, they are disseminated to the field level for quick implementation. ASA established itself as a self-reliant organization after twelve years of successful operation of the micro credit program. Decentralized, diversified management has brought about ASA's success.

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